1	BEFORE THE ARIZONA CORPORATION COMMISSION
2 3 4 5 6 7 8	COMMISSIONERS  GARY PIERCE, Chairman BOB STUMP SANDRA D. KENNEDY PAUL NEWMAN BRENDA BURNS  IN THE MATTER OF THE VERIFIED JOINT APPLICATION OF AT&T COMMUNICATIONS OF THE MOUNTAIN STATES AND AT&T CORP. FOR APPROVAL OF A PROPOSED CORPORATE REORGANIZATION AND MERGER  Arizona Corporation Commission DOCKETED  AUG 0 % 2017  BOCKETED  AUG 0 % 2017  Docket No. T-02428A-12-0234  NOTICE OF FILING DIRECT TESTIMONY
9 10 11	AT&T Communications of the Mountain States, Inc. and AT&T Corp. (the "Applicants") file the direct testimony of Sharon Mullin in this docket.
12 13 14 15 16 17	RESPECTFULLY SUBMITTED this 8 <sup>th</sup> day of August, 2012.  GALLAGHER & KENNEDY, P.A.  By Michael M. Grant Jennifer A. Cranston 2575 East Camelback Road Phoenix, Arizona 85016-9225 Attorneys for AT&T Inc.
19 20 21 22 23	Original and 13 copies filed this 8 <sup>th</sup> day of August, 2012, with:  Docket Control Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007  Original and 13 copies filed this  String August, 2012, with:  Phoenix Arizona 85007

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1	<b>Copies</b> of the foregoing delivered this 8 <sup>th</sup> day of August, 2012, to:
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3	Teena Jibilian Administrative Law Judge
1	Arizona Corporation Commission
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	Wes Van Cleve
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1		AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC.			
2		AND AT&T CORP.			
3		TESTIMONY OF SHARON L. MULLIN			
4		BEFORE THE ARIZONA CORPORATION COMMISSION			
5		DOCKET NO. T-02428A-12-0234			
6		August 8, 2012			
7	Q.	PLEASE STATE YOUR NAME, YOUR EMPLOYER AND YOUR			
8		BUSINESS ADDRESS.			
9	A.	My name is Sharon L. Mullin. I am employed by AT&T Services, Inc. as Director			
10		- Regulatory. My business address is 2003 Point Bluff, Austin, Texas 78746.			
11	Q.	PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND			
12		AND EXPERIENCE.			
13	A.	I have over 30 years' experience in the telecommunications industry. I am			
14		currently responsible for directing AT&T's regulatory affairs in the states of			
15		Washington, Arizona, New Mexico, Oregon and Utah for all of AT&T's			
16		operations.			
17		I hold a Master of Science in Management from the Krannert School of Business,			
18		Purdue University in W. Lafayette, Indiana and a Bachelor of Science from the			
19		University of Texas in Austin, Texas. I began my career in telecommunications in			
20		1977 with Southwestern Bell Telephone Company in the Marketing/Sales			

organization. In 1984, I accepted a position in AT&T's External Affairs organization, where I have held different positions with responsibility for various regulatory and legislative activities in the states of Texas, Oklahoma, Kansas, Arkansas, Missouri, Arizona, Colorado, Hawaii, Idaho, Minnesota, Montana, New Mexico, Oregon, Utah, Washington and Wyoming. During this time, I have handled diverse telecommunications issues, including access charge issues, competitive issues and the regulation of telecommunications carriers, as well as the development and interpretation of regulatory and legislative policy as it applies to AT&T.

### 10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

11 A. The purpose of my testimony is to provide information in support of the Verified
12 Application of AT&T Communications of the Mountain States, Inc. ("AT&T
13 Mountain States") and AT&T Corp. dated June 8, 2012, as supplemented on June
14 28, 2012, for an Order approving the merger of AT&T Mountain States and AT&T
15 Corp. to occur on or about October 31, 2012 and granting the related relief
16 requested in that Application.

### 17 O. PLEASE GIVE A BRIEF OVERVIEW OF AT&T MOUNTAIN STATES.

A. AT&T Mountain States is a Colorado corporation and is a wholly-owned subsidiary of AT&T Corp. It provides facilities-based local exchange and long distance telecommunications services in Arizona pursuant to Certificates of

1	Convenience	and Necessity	("CC&Ns")	granted in	Decision	Nos.	53880,	59445

2 and 60042.

### 3 Q. PLEASE GIVE A BRIEF OVERVIEW OF AT&T CORP.

- 4 A. AT&T Corp. is a New York corporation which is a wholly-owned subsidiary of
- 5 AT&T Inc. AT&T Corp. does not provide telecommunications services in
- 6 Arizona.

### 7 Q. WHAT ARE AT&T MOUNTAIN STATES AND AT&T CORP. ASKING

### 8 THIS COMMISSION TO DO?

- 9 A. AT&T Mountain States intends to merge into AT&T Corp. on or about October 31,
- 10 2012. As part of that merger, AT&T Mountain States intends to merge all of its
- assets, including without limitation, accounts receivable, customer base and all
- certificates and authorizations, into AT&T Corp. AT&T Mountain States and
- 13 AT&T Corp. are asking the Commission to approve this merger and to approve the
- transfer of AT&T Mountain States' assets to AT&T Corp., including transfer of the
- 15 CC&Ns issued in Decision Nos. 53880, 59445 and 60042, as well as transfer of the
- 16 AT&T Mountain States' limited waiver of the Affiliated Interest Rules granted in
- 17 Decision No. 58258.

## 1 Q. WHY DO AT&T MOUNTAIN STATES AND AT&T CORP. WANT TO

### 2 ACCOMPLISH THIS MERGER?

- 3 A. The primary purposes behind the proposed merger are to enhance customer satisfaction and the companies' efficiency.
- AT&T Mountain States is one of more than 20 AT&T affiliates that currently offer competitive local exchange services, intraLATA services, interexchange services and/or calling card services in over 40 states and the District of Columbia. We want to merge AT&T Mountain States and the various other AT&T affiliates into a single affiliate AT&T Corp. that will offer these services.
  - This consolidation will benefit customers by greatly streamlining the number of AT&T's entities that offer competitive local exchange, intraLATA, interexchange and calling card services. It will enhance AT&T Corp.'s ability to provide those services through a more efficient corporate structure. It will also allow us to simplify customer offers and reduce customer confusion.

# 15 Q. PLEASE GIVE THE COMMISSION SOME EXAMPLES OF HOW THE 16 MERGER WILL IMPROVE CORPORATE EFFICIENCIES.

17 A. The merger will allow AT&T to streamline internal processes related to corporate 18 tax and regulatory reporting obligations, thus resulting in corporate efficiencies. In 19 addition, post-merger, the single legal entity structure will better mirror operations

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and accounting processes, which removes a layer of record keeping and reduces the complexity for internal transactions.

## 3 Q. HOW WILL THE MERGER SIMPLIFY CUSTOMER OFFERS AND

### 4 REDUCE CUSTOMER CONFUSION?

A. As a nationwide company with a nationwide facilities-based network, AT&T presents itself to customers as a single company. However, the entity's structure, as it exists today, is regional and jurisdictionally overlapping, with complicated cost allocation and revenue sharing arrangements. The merger will simplify the structure of AT&T Corp. across the country. Two examples of reduced customer confusion will be: (1) elimination of the multiple affiliate names that customers see in tariffs or service guides across the country and (2) simplified contractual language about the entity which is providing the service.

### 13 Q. WILL THE MERGER OF AT&T MOUNTAIN STATES INTO AT&T

### 14 CORP. NEGATIVELY IMPACT THE PROVISION OF

### 15 TELECOMMUNICATIONS SERVICES IN ARIZONA?

A. No. This corporate change is entirely internal to AT&T, Inc. and will not impact the provision of telecommunications services in Arizona. There will be no change in the ultimate ownership, control or management or day-to-day operations. Service will be provided using the same network, billing systems and customer service operations used by AT&T Mountain States today. After the merger is complete, AT&T Corp. will provide current customers with the services they are

- currently receiving pursuant to the contracts and tariffs that offer such services
- 2 under the same rates, terms and conditions as these customers currently receive.
- 3 Q. AFTER THE MERGER IS COMPLETE, WILL AT&T CORP. HAVE THE
- 4 TECHNICAL AND MANAGERIAL RESOURCES SUFFICIENT TO
- 5 PROVIDE THE SERVICES THAT AT&T MOUNTAIN STATES
- 6 **CURRENTLY PROVIDES?**
- 7 A. Yes. All of the technical and managerial resources of AT&T Mountain States will
- 8 be merged into AT&T Corp. upon completion of the merger.
- 9 Q. AFTER THE MERGER IS COMPLETE, WILL AT&T CORP. HAVE
- 10 FINANCIAL RESOURCES SUFFICIENT TO PROVIDE THE SERVICES
- 11 THAT AT&T MOUNTAIN STATES CURRENTLY IS PROVIDING?
- 12 A. Yes. All of the financial resources of AT&T Mountain States will be merged into
- 13 AT&T Corp. upon completion of the merger. The merger requires no new
- financing and will have no impact on the company's ability to raise, or its cost of,
- 15 necessary capital.
- 16 Q. HAVE AT&T MOUNTAIN STATES' CUSTOMERS BEEN GIVEN
- 17 **NOTICE OF THE IMPENDING MERGER?**
- 18 A. Yes. As we discussed in our Application, beginning June 1, 2012, AT&T
- Mountain States began providing customers bill message notices of the name

1	change associated with the merger.	We are also in the process of publishing notice
2	of the application.	

## Q. AFTER THE MERGER IS COMPLETE, WILL AT&T CORP. MAKE ANY TARIFF FILINGS AS A RESULT OF THE MERGER?

- 5 A. Yes. After the merger is complete, AT&T Corp. will make appropriate filings to convert any AT&T Mountain States' tariffs that may exist to AT&T Corp. tariffs.
- 7 Q. PLEASE PROVIDE THE COMPANIES' RESPONSE TO THE STAFF
  8 REPORT WHICH WAS FILED IN THIS DOCKET ON AUGUST 3, 2012.
- 9 A. We appreciate Staff's prompt issuance of its report and certainly agree with the
  10 recommendation that the Commission approve the proposed reorganization
  11 pursuant to R14-2-803, as well as the transfer of assets pursuant to A.R.S. § 40-285
  12 from AT&T Mountain States to AT&T Corp. Further, as I've indicated, we also
  13 agree with Staff's conclusion that "the proposed merger will result in a more
  14 streamlined corporate structure."
- 15 Q. IN SUMMARY, WHAT DO AT&T MOUNTAIN STATES AND AT&T
  16 CORP. ASK THAT THE COMMISSION DO?
- A. We request that the Commission enter its Order: (1) approving the merger of AT&T Mountain States and AT&T Corp. pursuant to R14-2-803 and (2) approving the transfer of AT&T Mountain States' assets to AT&T Corp., including without limitation, transfer of the CC&Ns issued in Decision Nos. 53880, 59445 and

- 1 60042, as well as transfer of the AT&T Mountain States' limited waiver of the
- 2 Affiliated Interest Rules which the Commission granted in Decision No. 58258.
- 3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 4 A. Yes.